

Schwartz under investigation

Pat Munsey | Posted: Tuesday, June 11, 2013 9:00 am

The troubles are quickly mounting for Richard Schwartz. The local “wealth manager” is now under investigation by the Indiana Secretary of State’s office, and his former insurance brokerage is seeking damages in multiple cases.

Following the Perspective’s article last week, detailing a complaint that Schwartz had allegedly mishandled \$460,000 in a guardianship case involving the Fulk family, the paper learned that the secretary of state had taken an interest. A call confirmed this.

“We do have an open investigation on Richard Schwartz,” said David Neal, spokesman for the Indiana Secretary of State’s office. “I can say that it is a securities-related investigation, but I’m not going to say any more than that because it is open.”

From other sources close to the situation, the Perspective learned that the investigation actually was opened prior to the June 5 story. While the secretary of state’s office didn’t indicate how long it has been examining Schwartz, a recent lawsuit filed against the businessman and his wife, Brielle, in Maricopa County, Ariz., may have spurred the state agency into opening a file. Details about this lawsuit can be found on Page A2.

But the state wasn’t the only entity making inquiries last week. The Perspective learned that New York Life Insurance Co. also sought out information about the guardianship case. William Werfelman, a spokesman for New York Life, contacted the Perspective to confirm and clarify its commitment to making the Fulk family whole.

“The agent is no longer with us, and the company has agreed to reimburse the client for the amount they invested with Schwartz, subject to approval by the court,” said Werfelman. “We are paying the entire \$460,098.16 in a single check. If we recover any amounts from Schwartz, we have agreed to share that 50/50 with the guardians until they reach a total recovery of \$597,000.”

The Perspective attempted to contact Schwartz for comment, but he did not return repeated phone calls. One of his employees -- Tennis Guyer -- did reply on Schwartz’s behalf, claiming that Schwartz would speak to the Perspective on June 6. That call never came.

New York Life already has initiated litigation against Schwartz. On Sept. 7, 2012, the company filed suit in federal court, seeking unspecified damages in excess of \$75,000. The complaint explains that the company terminated its contract with Schwartz on March 12, 2012, and then made a request on April 30, 2012, that he “immediately repay his negative ledger balance (compensation credited to Schwartz for policies which were rescinded, declined, not issued, canceled, surrendered, foreclosed, expired, or reduced and replaced with new policies).”

At that time, the company threatened a lawsuit unless Schwartz contacted Dennis Campo, New York Life's Assistant Vice President, within 10 days. Initially, Schwartz contacted and discussed a repayment plan with Campo, but this cooperation didn't last long.

"During his communications with Mr. Campo in May of 2012, Mr. Schwartz indicated that he did not want to be sued by New York Life and that he wished to set up a repayment plan," the complaint reads. "After the first week of June, 2012, Mr. Schwartz stopped returning Mr. Campo's calls."

New York Life alleged that Schwartz refused to repay the credited compensation, which forced the company to seek relief in court.

Schwartz, the main proprietor of The Schwartz Group, began his professional career in Kokomo in January 1991, shortly after changing his surname from Schack to his Schwartz alias. He incorporated his company in 2001. Since then, he has expanded into Noblesville, Ind., and Scottsdale, Ariz.

In 2007, Schwartz was recognized by New York Life as its Council President, featuring him on the cover of The NYLIC Review for the third quarter of that year. The four-page feature spread on the businessman was entitled "Putting People First."

In the story, he admitted that within his first months with the company in 2000, he nearly failed for lack of sales.

"I definitely struggled early in my career here," said Schwartz.

All it took to turn around his business, according to the article was an "epiphany" that New York Life's products were good. In less than two years, Schwartz went from wash-out to a member of the company's Chairman's Council and was so successful that he qualified for the Chairman's Cabinet -- apparently an even more prestigious honor within an honor.

By the age of 42, Schwartz was "estate planning" for clients with net worths ranging from \$100,000 to \$4 billion. Being bestowed the Council President seat -- New York Life's highest honor -- surprised no one within the company.

But it was his expression of gratitude that might have been the most telling part of the article.

"I've also been very fortunate in this business," said Schwartz. "I've reaped and reaped and reaped. I feel like it's my responsibility to give back. And I've learned the more you give, the more you get back."